



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

No Third Party Contacts

Number: **201134023**

Release Date: 8/26/2011

Date: June 3, 2011

Contact Person:

Identification Number:

Telephone Number:

Employer Identification Number:

UIL: 512.01-00; 4942.03-05; 4943.04-03; 4944.03-00

Legend:

<u>Holdings</u>	=
<u>A</u>	=
<u>B</u>	=
<u>Y</u>	=
<u>Date</u>	=
<u>X</u>	=

Dear :

This is in response to your request dated May 13, 2010, and as supplemented by letters dated August 25, 2010 and April 28, 2011, for rulings under sections 512, 4942, 4943, 4944 and 4945 of the Internal Revenue Code (the Code).

Facts

You are exempt under section 501(c)(3) of the Code and classified as a private foundation described in section 509(a). Your Articles of Incorporation provide that you were formed for general charitable purposes described in section 501(c)(3) and in carrying out of these purposes will be making distributions to organizations that qualify as exempt organizations under section 501(c)(3). You were formed by A and his wife, B. A and B are the only members of your Board of Trustees. One year after your formation, you formed Holdings as a wholly-owned limited liability company, which is treated as a disregarded entity for tax purposes. You are the sole member of Holdings with A and B as managers.

Holdings' operating agreement provides that it is organized and will be operated exclusively for general charitable purposes described in section 501(c)(3) of the Code, including making distributions to organizations that qualify as exempt organizations under section 501(c)(3).

Also, Holdings is limited and restricted from engaging in any other activities which are not carried on for the exclusive benefit of exempt organizations. Specifically, Holdings was formed to acquire approximately ten acres of real estate in order to construct a school to be operated by a separate, unrelated nonprofit corporation as a Christian school in providing quality, well rounded, integrated education.

On Date, Holdings purchased a parcel of land from an unrelated party. Holdings plans to spend approximately \$x to construct a school building with classroom space for approximately 400 students, a football field, a parking lot and a gymnasium (collectively, the Property). Holdings has received the funds to purchase the land and would receive future funds for the proposed improvements from you as capital contributions. Holdings has entered into negotiations with Y to have Y operate the Property as a Christian school as part of its existing operation. Y is an accredited private Evangelical college preparatory school that, since 19  , has provided classes from kindergarten through high school. You represent that Y is an unrelated organization and is exempt under section 501(c)(3) of the Code. You also represent that there are no disqualified persons, as defined in section 4946, that are employed by or otherwise associated with Y.

Holdings proposes to lease the Property to Y for an annual rent of ten dollars (\$10.00). No services will be provided in connection with the maintenance of the Property during the term of the lease. The lease is for an initial term of 60 months with options to renew for successive five year periods, with a limit of 20 years total of such five year extensions. Y has a modified right of first refusal on the sale of the Property with an option price being the fair market value of the property. The lease agreement contains a number of restrictive covenants concerning use of the property. First, Y must maintain its operation in compliance with Holdings's Doctrinal Statement, as explained below. Second, Y's permissible uses of the Property must be exclusively for a Christian school and no other use of the Property is permitted without the prior written consent of Holdings, at its sole discretion. Third, Y must maintain its tax exempt status. Fourth, Y may not sublet or sublease or rent the Property, or any portion thereof, without the prior written consent of Holdings, in its sole discretion. The Doctrinal Statement encompasses the mission of Holdings in educating children in academics with the teachings of the gospel of Christ. The Doctrinal Statement does not contain language that limits admitting students or hiring faculty and administrative staff of the school to Christians. If Y cannot fulfill its obligations under the lease, another organization exempt under section 501(c)(3) of the Code and classified as a public charity will be sought out to operate the school.

You indicated that the Property is to be leased rather than sold to Y to ensure that use of the Property is in compliance with the Doctrinal Statement and ensure it will be used exclusively for a Christian school. Further, you state that it would be cost prohibitive for Y to purchase or build the project.

#### Rulings Requested

You have requested the following rulings:

1. The Property will constitute an asset used or held for use directly in carrying out your exempt purposes so that the fair market value of the property will be excluded in determining your

minimum investment return under section 4942(c) of the Code.

2. The amounts you expended through Holdings, your wholly-owned limited liability company and a disregarded entity for federal income tax purposes, in acquiring the land and constructing the improvements on the land, including the school building, football field, parking lot and gymnasium, which will compose the Property, will constitute qualifying distributions within the meaning of section 4942(g) of the Code.

3. The Property will constitute a program-related investment within the meaning of section 4944(c) of the Code such that you will not be subject to the tax under section 4944 on investments which jeopardize the carrying out Taxpayer's purposes.

4. The Property will not constitute excess business holdings to you under section 4943 of the Code.

5. The charging of rent by Holdings as described in the facts presented above will not endanger the classification of the Property as property used or held for use directly in carrying out your exempt purposes for purposes of section 4942(e) of the Code (relating to minimum investment return), section 4942(g) (relating to qualifying distributions), or section 4944(c) (relating to program-related investments).

6. The amounts expended by Holdings to acquire and construct the Property will not constitute taxable expenditures under section 4945 of the Code.

7. The rents received by Holdings will constitute rents from real property within the meaning of section 512(b)(3) of the Code and, therefore, will be excluded in determining your unrelated business taxable income.

#### Law

Section 501(c)(3) of the Code provides, in part, for an exemption from federal income tax of corporations organized and operated exclusively for charitable, scientific, or educational purposes provided no part of the corporation's net earnings inures to the benefit of any private shareholder or individual.

Section 511 of the Code imposes a tax on the unrelated business taxable income of organizations described in section 501(c)(3).

Section 512(a)(1) of the Code describes the term "unrelated business taxable income" as the gross income derived by an exempt organization from any unrelated trade or business, as defined under section 513, regularly carried on by it, less certain deductions, computed with the modifications provided in subsection (b).

Section 512(b)(3) of the Code excludes from the computation of unrelated business taxable income all rents from real property.

Section 1.512(b)-1(c)(5) of the Income Tax Regulations ("regulations") provides that payments for the use or occupancy of rooms and other space where services are also rendered to the occupant do not constitute rent from real property. Generally, services are considered rendered to the occupant if they are primarily for his convenience and are other than those usually or customarily rendered in connection with the rental of rooms or other space for occupancy only.

Section 4942(a) of the Code imposes a tax on the undistributed income of a private foundation for any taxable year, which has not been distributed before the first day of the second (or any succeeding) taxable year following such taxable year (if such first day falls within the taxable period).

Section 4942(c) of the Code provides that the term "undistributed income" means, with respect to any private foundation for any taxable year as of any time, the amount by which -- (1) the distributable amount for such taxable year, exceeds (2) the qualifying distributions made before such time out of such distributable amount.

Section 4942(d) of the Code provides that the term "distributable amount" means, with respect to any foundation for any taxable year, any amount equal to --

- (1) the sum of the minimum investment return plus the amounts described in subsection (f)(2)(C), reduced by
- (2) the sum of the taxes imposed on such private foundation for the taxable year under subtitle A and section 4940.

Section 4942(e)(1) of the Code provides that the minimum investment return for any private foundation for any taxable year is 5 percent of the excess of --

- (A) the aggregate fair market value of all assets of the foundation other than those which are used (or held for use) directly in carrying out the foundation's exempt purpose, over
- (B) the acquisition indebtedness with respect to such assets (determined under section 514(c)(1) without regard to the taxable year in which the indebtedness was incurred).

Section 4942(g)(1) of the Code provides that the term "qualifying distribution" means --

- (A) any amount including that portion of reasonable and necessary administrative expenses paid to accomplish one or more purposes described in section 170(c)(2)(B), other than any contribution to (i) an organization controlled (directly or indirectly) by the foundation or one or more disqualified persons (as defined in section 4946) with respect to the foundation, except as provided in paragraph (3), or (ii) a private foundation which is not an operating foundation (as defined in subsection (j)(3), except as provided in paragraph (3), or
- (B) any amount paid to acquire an asset used (or held for use) directly in carrying out one or more purposes described in section 170(c)(2)(B).

Section 4943(a)(1) of the Code imposes a tax on the excess business holdings of any private foundation in a business enterprise during any taxable year which ends during the taxable period.

Section 4943 (c) of the Code defines the term "excess business holdings" to mean, with respect to the holdings of any private foundation in any business enterprise, the amount of stock or other interest in the enterprise which the foundation would have to dispose of to a person other than a disqualified person in order for the remaining holdings of the foundation in such enterprise to be permitted holdings.

Section 4943(d)(3) of the Code provides that the term "business enterprise" does not include –

(A) a functionally related business (as defined in section 4942(j)(4)), or

(B) a trade or business at least 95 percent of the gross income of which is derived from passive sources.

For purposes of subparagraph (B), gross income from passive sources includes the items excluded by section 512(b)(1), (2), (3), and (5).

Section 4944(a) of the Code imposes a tax on a private foundation that invests any amounts in any manner that jeopardizes the carrying out of any of its exempt purposes.

Section 4944(c) of the Code provides that investments, the primary purpose of which is to accomplish one or more of the purposes described in section 170(c)(2)(B), and no significant purpose of which is the production of income or the appreciation of property, shall not be considered as investments which jeopardize the carrying out of exempt purposes.

Section 4945(a) of the Code imposes a tax on each taxable expenditure (as defined in subsection (d)).

Section 4945(d)(5) of the Code provides that the term "taxable expenditure" includes any amount paid or incurred by a private foundation for any purpose other than one specified in section 170(c)(2)(B).

Section 53.4945-6(b)(1)(v) of the foundation regulations provides that any payment which constitutes a qualifying distribution under section 4942(g) will not be treated as a taxable expenditure under section 4945(d)(5).

Section 53.4942(a)-2(c)(3)(i) of the Foundation and Similar Excise Tax Regulations ("foundation regulations") provides that an asset is "used (or held for use) directly in carrying out a foundation's exempt purpose" only if the asset is actually used by the foundation in carrying out the charitable, educational, or other similar purpose which gives rise to the exempt status of the foundation.

Section 53.4942(b)-1(b) of the foundation regulations provides that amounts paid to acquire or maintain assets which are used directly in the conduct of the foundation's exempt activities, such as the operating assets of a museum, public park, or historic site, are considered direct expenditures for the active conduct of the foundation's exempt activities.

Section 53.4943-10(b) of the foundation regulations provides that the term "business holdings" do not include any program-related investments as defined in section 4944(c).

Section 53.4944-3(a)(1) of the foundation regulations provides that a "program-related investment" shall not be classified as an investment which jeopardizes the carrying out of the exempt purposes of a private foundation. A "program-related investment" is an investment which possesses the following characteristics:

- (i) The primary purpose of the investment is to accomplish one or more of the purposes described in section 170(c)(2)(B);
- (ii) No significant purpose of the investment is the production of income or the appreciation of property; and
- (iii) No purpose of the investment is to accomplish one or more of the purposes described in section 170(c)(2)(D) --- relating to influencing legislation and political activities.

Section 53.4944-3(a)(2) of the foundation regulations provides that an investment shall be considered as made primarily to accomplish one or more of the purposes described in section 170(c)(2)(B) if it significantly furthers the accomplishment of the private foundation's exempt activities and if the investment would not have been made but for such relationship between the investment and the accomplishment of the foundation's exempt activities.

Rev. Rul. 69-572, 1969-2, C.B. 119, held that a nonprofit organization which was created to construct and maintain a building for the exclusive purpose of housing and serving member agencies of a community chest is engaged in charitable activities and is exempt under section 501(c)(3) of the Code. Office space in the building is leased at nominal rent to member agencies that are exempt under section 501(c)(3) and exclusively used by tenants in the performance of their respective charitable functions.

Rev. Rul. 71-529, 1971-2 C.B. 234, provides that an organization that is performing an essential function for charitable organizations for a charge that is substantially below cost is performing a charitable activity within the meaning of section 501(c)(3) of the Code.

Rev. Rul. 75-207, 1975-1 C.B. 361, describes a private foundation formed to further conservation, education and the arts. The foundation owns and maintains an island dedicated to preserve the natural ecosystems and historical and archaeological remains on the island that it has no residential use and access is limited to invited public and private researchers. The ruling held that the island is being used directly to carry out the foundation's exempt purpose in the manner indicated in the regulations under sections 4942 and accordingly, the foundation

may exclude the value of the island in computing its minimum investment return under section 4942(e) of the Code.

### Analysis

*1. The Property will constitute an asset used or held for use directly in carrying out your exempt purposes so that the fair market value of the property will be excluded in determining your minimum investment return under section 4942(c) of the Code.*

In order to determine the amount of income a private foundation must distribute to avoid the excise tax under section 4942(a) of the Code, it is necessary for a private foundation to determine its minimum investment return. A private foundation's minimum investment return, generally, is five percent of its assets, with the exception of assets it uses directly to carry out its exempt purpose. Whether a private foundation uses an asset for its exempt purpose is a question of fact. Your Articles state that you were formed for general charitable purposes as described in section 501(c)(3). Through Holdings, your wholly owned limited liability company which is treated as a disregarded entity for federal income tax purposes, you acquired land and will construct thereon a school building and other school-related structures. When completed, you will retain title to the Property and will lease it to Y at a nominal rate of \$10 a year for Y's exclusive use in operating a school and in furtherance of educational purposes.

Rev. Rul. 71-529 provided that an organization that is performing an essential function for charitable organizations for a charge that is substantially below cost is performing a charitable activity. Like the organization described in that revenue ruling, in leasing the Property to Y, you are performing an essential function for a charitable organization, and by performing this function to Y for a charge that is substantially below cost, you are performing a charitable activity within the meaning of section 501(c)(3) of the Code. As such, your acquisition of the land and construction of a school building and other improvements thereon for the exclusive use of Y in its school operation is an exempt activity under section 501(c)(3). See also Rev. Rul. 69-572 and Rev. Rul. 75-207. Because the Property is used exclusively for exempt purposes described in sections 501(c)(3) and 170(c)(2)(B) and in furtherance of your exempt purposes, the fair market value of the Property is, therefore, excluded in determining your minimum investment return pursuant to sections 4942(e)(1)(A).

*2. The amounts you expended through Holdings, your wholly-owned limited liability company and a disregarded entity for federal income tax purposes, in acquiring the land and constructing the improvements on the land, including the school building, football field, parking lot and gymnasium, which will compose the Property, will constitute qualifying distributions within the meaning of section 4942(g) of the Code.*

Section 4942(g)(2) of the Code defines the term "qualifying distribution" to mean any amount paid to acquire an asset used (or held for use) directly in carrying out one or more purposes described in section 170(c)(2)(B). As discussed above, we determined that the facts set forth in the ruling request show that the Property is used exclusively for exempt purposes described in sections 501(c)(3) and 170(c)(2)(B). Because the Property is used in furtherance of exempt purposes described in sections 501(c)(3) and 170(c)(2)(B), your expenditures, through

Holdings, to acquire the land and construct the school building and other school-related structures, which compose the Property, constitute qualifying distributions for purposes of section 4942(g)(1)(B).

3. *The Property will constitute a program-related investment within the meaning of section 4944(c) of the Code such that you will not be subject to the tax under section 4944 on investments which jeopardize the carrying out Taxpayer's purposes.*

A private foundation that invests any amount that jeopardizes its exempt purposes will be subject to tax imposed under section 4944(a) of the Code unless such amount is classified as "program-related investment." Section 53.4944-3(a)(1) of the foundation regulations provides that there are three specific characteristics that must be met in order to determine if an investment is a "program related investment." The first characteristic is that the investment's primary purpose must be to accomplish one or more exempt purposes described in section 170(c)(2)(B). Section 53.4944-3(a)(1)(i) provides that an investment shall be considered as made primarily to accomplish one or more of the purposes described in section 170(c)(2)(B) if it significantly furthers the accomplishment of the private foundation's exempt activities, and the investment would not have been made but for the relationship between the investment and the accomplishment of the foundation's exempt activities. You have invested your funds to acquire land on which you will construct a school building and other school-related structures, which compose the Property. You will retain title to the Property and lease it to Y at a nominal rate of \$10 a year under an agreement that the Property will be used exclusively as a school and in furtherance of educational purposes. Because the Property will be used for section 170(c)(2)(B) purposes and in furtherance of your exempt purposes under section 501(c)(3), your ownership interest in Property meets the requirement for a "program-related investment" in section 53.4944-3(a)(1)(i).

The second characteristic of an investment that must be met in order to determine if it is a "program related investment" is that no significant purpose of the investment is the production of income or the appreciation of property. Section 53.4944-3(a)(2)(iii) of the foundation regulations states that a relevant factor is whether for-profit investors would likely make the investment on the same terms as the private foundation. Your lease of the Property to Y for use as a school and for a mere nominal rate of ten dollars a year indicates that you did not acquire the Property for the production of income. Rather, you have leased the Property for your intended section 170(c)(2)(B) purposes and in furtherance of your exempt purposes under section 501(c)(3). Thus, your ownership interest in Property meets the requirement for a "program-related investment" in section 53.4944-3(a)(1)(ii).

The third characteristic is that no purpose of the investment may be to accomplish one or more of the prohibited purposes described in section 170(c)(2)(D) of the Code. Section 170(c)(2)(D) purposes are those of attempting to influence legislation or of participating in, or intervening in, including the publishing or distributing of statements, any political campaign on behalf of, or in opposition to, any candidate for public office. You will lease the Property to Y under an agreement that contains a number of restrictive covenants concerning use of the property. Among them is your requirement that Y must use the Property exclusively for a Christian school with no other permitted use without your prior written consent. Also, Y's operation of the school



must be in compliance with your Doctrinal Statement which encompasses your mission in educating children in academics with the teachings of the gospel of Christ. Because the Property is used exclusively for exempt purposes described in sections 501(c)(3) and 170(c)(2)(B) and there is no indication that you have permitted the use of the Property for prohibited purposes described in section 170(c)(2)(D), your ownership interest meets the requirement for a "program-related investment" in section 53.4944-3(a)(1)(iii) of the foundation regulations.

Because the Property qualifies as a "program-related investment" within the meaning of section 53.4944-3(a)(1) of the foundation regulations and, as such, is not a jeopardizing investment under section 4944(c), you will not be subject to tax under section 4944(a).

*4. The Property will not constitute excess business holdings to you under section 4943 of the Code.*

Section 4943(a)(1) of the Code imposes a tax on a private foundation's excess business holdings in a business enterprise. Under section 4943(c), the term "excess business holdings" refers to the holdings of a private foundation in any business enterprise which it would have to dispose of to a person other than a disqualified person in order for the remaining holdings in such enterprise to become permitted holdings. However, section 4943(d)(3)(B) provides that the term "business enterprise" does not include a trade or business at least 95 percent of the gross income of which is derived from passive sources. Also, section 53.4943-10(b) of the foundation regulations provides that the term "business holdings" does not include any program-related investments as defined in section 4944(c). You will lease the Property to Y for a nominal amount of ten dollars a year. Because the Property will provide you with a passive source of income, your ownership of the Property is not treated as excess business holding within the meaning of section 4943(d)(3)(B). Moreover, since we find that the Property will accomplish purposes described in sections 501(c)(3) and 170(c)(2)(B) and, as such, qualifies as a program-related investment under section 4944(c), the Property will not constitute excess business holdings under section 4943 pursuant to section 53.4943-10(b).

*5. The charging of rent by Holdings as described in the facts presented above will not endanger the classification of the Property as property used or held for use directly in carrying out your exempt purposes for purposes of section 4942(e) of the Code (relating to minimum investment return), section 4942(g) (relating to qualifying distributions), or section 4944(c) (relating to program-related investments).*

Through Holdings, your wholly-owned disregarded entity, you will enter into an agreement to lease the Property to Y (or other public charity described in section 501(c)(3) of the Code if Y cannot fulfill its obligations under the lease agreement) to be operated as a school facility in furtherance of educational and charitable purposes. Holdings will lease the Property to Y or other users at a nominal rental amount of ten dollars a year. Rev. Rul. 71-529, supra, provides that an organization that is performing an essential function for charitable organizations for a charge that is substantially below cost is performing a charitable activity within the meaning of section 501(c)(3) of the Code. Because your activity in connection with the lease of the Property to Y constitutes the conduct of a charitable activity for purposes of sections 501(c)(3) and

170(c)(2)(B), the charging of rent by Holdings will not endanger the classification of the property as used or held for use directly in carrying out your exempt purposes for purposes of section 4942(e), section 4942(g), and section 4944(c).

6. *The amounts expended by Holdings to acquire and construct the Property will not constitute taxable expenditures under section 4945 of the Code.*

Generally, a private foundation is taxed on any amount paid or incurred as taxable expenditures. However, any amount that a private foundation pays or incurs for a purpose specified under 170(c)(2)(B) of the Code is not treated as a taxable expenditure pursuant to section 4945(d)(5). Section 170(c)(2)(B) refers to religious, educational, charitable and other purposes described in section 501(c)(3). You will acquire and construct the Property which will then be leased to Y, a section 501(c)(3) organization, at a nominal rent of ten dollars a year for Y's exclusive use as a school for educational purposes under section 501(c)(3). Rev. Rul. 69-572, supra, holds that an organization's activity of leasing its property at a nominal rent to charitable organizations described in section 501(c)(3) is a charitable activity. Because the Property will accomplish exempt purposes under sections 501(c)(3) and 170(c)(2)(B), the amounts expended to acquire the land and construct the improvements thereon will not constitute taxable expenditures under section 4945(d). Moreover, since we find that your expenditures to acquire and construct the Property constitute qualifying distributions under section 4942(g)(1)(B) (see Ruling 2 above), your payment for the same will not be treated as taxable expenditures under section 4945(d)(5) pursuant to section 53.4945-6(b)(1)(v) of the foundation regulations.

7. *The rents received by Holdings will constitute rents from real property within the meaning of section 512(b)(3) of the Code and, therefore, will be excluded in determining your unrelated business taxable income.*

As an organization exempt under section 501(c)(3) of the Code, you are subject to tax under section 511(a)(1) on your "unrelated business taxable income," defined in section 512(a)(1) as gross income derived from any unrelated trade or business (as defined in section 513) that is regularly carried on. The rental for a nominal amount here would not appear to constitute a trade or business with a profit motive. However, if it did, then section 512(b)(3)(A)(i) excludes from unrelated business taxable income all rents from real property. Under section 1.512(b)-1(c)(5) of the regulations, rent from real property does not include payments for the use or occupancy of rooms and other space where services are also rendered to the occupant. Generally, services are considered rendered to the occupant if they are primarily for his convenience and are other than those usually or customarily rendered in connection with the rental of rooms or other space for occupancy only.

Through Holdings, you will rent the Property to Y for a nominal rent of ten dollars a year. Neither you nor Holdings will render any services (within the meaning of section 1.512(b)-1(c)(5) of the regulations) to Y in connection with the maintenance of the Property during the lease term. Also, the rents will not be subject to tax under section 512(b)(4), even if there is acquisition indebtedness with respect to the Property, as substantially all of its use will be substantially related to the performance of your exempt function under section 514(b).

Therefore, the rental payments you receive under the lease of the Property to Y will constitute rents from real property within the meaning of section 512(b)(3)(A)(i) of the Code that are excludable from the computation of unrelated business taxable income under section 512(a)(1).

### Rulings

Based on the foregoing and as requested, we rule as follow:

1. The Property will constitute an asset used or held for use directly in carrying out your exempt purposes so that the fair market value of the property will be excluded in determining your minimum investment return under section 4942(c) of the Code.
2. The amounts you expended through Holdings, your wholly-owned limited liability company and a disregarded entity for federal income tax purposes, in acquiring the land and constructing the improvements on the land, including the school building, football field, parking lot and gymnasium, which will compose the Property, will constitute qualifying distributions within the meaning of section 4942(g) of the Code.
3. The Property will constitute a program-related investment within the meaning of section 4944(c) of the Code such that you will not be subject to the tax under section 4944 on investments which jeopardize the carrying out of your purposes.
4. The Property will not constitute excess business holdings to you under section 4943 of the Code.
5. The charging of rent by Holdings as described in the facts presented above will not endanger the classification of the Property as property used or held for use directly in carrying out your exempt purposes for purposes of section 4942(e) of the Code (relating to minimum investment return), section 4942(g) (relating to qualifying distributions), or section 4944(c) (relating to program-related investments).
6. The amounts you expend, through your wholly owned entity Holdings, to acquire and construct the Property will not constitute taxable expenditures under section 4945 of the Code.
7. The rents you receive, through your wholly owned entity Holdings, under the lease of the Property to Y will constitute rents from real property within the meaning of section 512(b)(3)(A)(i) of the Code and, therefore, are excludable in determining your unrelated business taxable income under section 512(a)(1).

This ruling will be made available for public inspection under section 6110 of the Code after certain deletions of identifying information are made. For details, see enclosed Notice 437, *Notice of Intention to Disclose*. A copy of this ruling with deletions that we intend to make available for public inspection is attached to Notice 437. If you disagree with our proposed deletions, you should follow the instructions in Notice 437.

This ruling is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

This ruling is based on the facts as they were presented and on the understanding that there will be no material changes in these facts. This ruling does not address the applicability of any section of the Code or regulations to the facts submitted other than with respect to the sections described. Because it could help resolve questions concerning your federal income tax status, this ruling should be kept in your permanent records.

If you have any questions about this ruling, please contact the person whose name and telephone number are shown in the heading of this letter.

In accordance with the Power of Attorney currently on file with the Internal Revenue Service, we are sending a copy of this letter to your authorized representative.

Sincerely,

Ronald J. Shoemaker  
Manager, Exempt Organizations  
Technical Group 2

Enclosure  
Notice 437